

Manheim Township Tax Collector Audit Report

For the period of January 1, 2016 through January 15, 2017
covering the 2016 tax year



Brian K. Hurter, CPA
Lancaster County Controller

Manheim Township Tax Collector Audit
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Controller
Brian K. Hurter, CPA

December 29, 2017

Patricia J. Kabel, Tax Collector
Manheim Township
1840 Municipal Drive
Lancaster, PA 17601

Dear Manheim Township Tax Collector:

Attached is the audit report of your tax collection records for the County of Lancaster, prepared by the Lancaster County Controller's Office. Our examination procedures were performed covering the period of January 1, 2016 through January 15, 2017, which includes settlement for the 2016 tax year.

The purpose of this audit is to ensure compliance with Section 26 (b) (1) of the Local Tax Collection Law, Act of May 25, 1945, P.L. 1050, No. 394 Cl. 53 ("Local Tax Collection Law"). The Local Tax Collection Law contains guidance and procedures for the elected tax collectors. Based upon the audit, we have issued this report.

We conducted our audit to obtain a reasonable understanding about whether the tax collections are free of material misstatement and to determine the accuracy of the timeliness of the County real estate taxes collected, among other procedures. During our review we discovered findings and observations which are listed on pages 3-5 and summarized on page 7.

The financials we have audited are attached as **Exhibit A** and will be included in a summary report issued to the Lancaster County Board of Commissioners, along with the findings and observations. This report is intended for the information and use of the Manheim Township Tax Collector and the Lancaster County Board of Commissioners, and is not intended and should not be used by anyone other than these specified parties without consent. However, public policy dictates that this report is a matter of public record and its distribution is not limited.

Sincerely,

Brian K. Hurter, CPA
Lancaster County Controller
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**Manheim Township Tax Collector
Relevant Audit Notes
For the period January 1, 2016 through January 15, 2017**

Note A – DESCRIPTION OF TAX COLLECTOR AND TAXING DISTRICT

Patricia J. Kabel, (“Ms. Kabel”), was elected to the position of Manheim Township Tax Collector on or about November 5, 2013, to take office on January 1, 2014. Each elected tax collector’s position is a four year term.

In Lancaster County, elected or appointed tax collectors are responsible to collect real estate taxes for the County and municipalities. According to Section 25 of the Local Tax Collection Law, by the tenth day of the immediate following month, the tax collector is required to submit a tax collector report approved by the Department of Community and Economic Development (DCED) and all monies collected in the prior month to the Lancaster County Treasurer and the municipality in which they are elected. When settlement of tax records is completed by January 15 of the subsequent year, the tax collector submits unpaid tax parcels to the Lancaster County Tax Claim Bureau.

In 2016, Manheim Township was the largest taxing district by total assessed value in Lancaster County with an assessed total of \$3,572,073,500. Manheim Township was the 2nd largest taxing district by taxable accounts with a total of 14,057 parcels. Lancaster County is comprised on 60 taxing districts.

Note B – SCOPE AND PROCEDURES OF AUDIT

The period of review is January 1, 2016 through January 15, 2017, which covers the 2016 tax year.

The following procedures were performed during the audit:

- Ensure Monthly Ledger Report or Distribution Summary Report is submitted monthly
- Ensure accurate commissions were paid to tax collector
- Ensure monies due to Lancaster County were properly receipted
- Ensure Lancaster County received the correct amount owed
- Ensure collections were properly paid in correct payment period
- Ensure correct number of parcels were sent to Tax Claim Bureau

Manheim Township Tax Collector
Relevant Audit Notes (*Continued*)
For the period January 1, 2016 through January 15, 2017

Note C – TAX COLLECTION SYSTEM

The Treasurer's Office purchased and utilized a new tax collection software for the 2016 tax year. The tax collection software, referred to as DEVNET, replaced the previous software, M.R. ETC. The Treasurer's Office no longer supported the M.R. ETC software, and requested the elected tax collectors to utilize DEVNET or another software of their choosing. Ms. Kabel chose to utilize DEVNET for tax collections.

Note D – STATUS OF PREVIOUS AUDIT FINDINGS AND/OR OBSERVATIONS

On June 10, 2016, the Lancaster County Controller issued an audit report of the 2014 and 2015 tax years. The audit noted one observation for the 2014 tax year. During the 2014 tax year, Ms. Kabel had accepted and recorded multiple discount payments outside of the discount period. Ms. Kabel explained these occurrences with reasonable explanations and the Controller's Office believed the occurrences were isolated instances.

**Manheim Township Tax Collector
Audit Findings and Observations
For the period January 1, 2016 through January 15, 2017**

This section of the report presents the findings and observations that resulted from our annual examination of the financial records. Following any of the findings and observations noted, we provide recommendations to correct or better the described occurrence.

Lancaster County provides taxpayers with a 2% discount until April 30 and allows base collections until June 30 of each year so that Lancaster County can use the tax dollars to best serve the residents of Lancaster County as a whole.

Finding 1: Discount Payments Accepted Outside of Discount Period

Description:

In July 2016, there was a payment accepted and entered into DEVNET at discount in the amount of \$97,294.10. The discount period had ended on April 30.

Tax Collector's Explanation:

The tax collector's explanation of this was that Corelogic sent a large import file in April encompassing over 3,000 parcels. After issues with DEVNET import updates, the tax collector was able to enter the payments at the end of April, and the number of parcels on the import file equaled the dollar amount of the group of checks received from Corelogic. During this busy time, Corelogic had sent an additional package with another check for 157 parcels, separately from the other checks received. These 157 parcels were not included on the import file. In July, Corelogic called the tax collector asking why the check for the 157 parcels was not cashed. Finally, after an exhaustive search, the tax collector found the check in the box under a separate piece of paper. The tax collector worked with the Lancaster County Treasurer's Office and the local municipality regarding the mishap and was allowed to deposit the check and record the payments at discount.

Auditor's Conclusion:

We listed this occurrence as a finding rather than an observation because of the dollar amount of the occurrence. While this does appear to be an isolated instance, it affected more than just a few parcels being processed.

Manheim Township Tax Collector
Audit Findings and Observations (*Continued*)
For the period January 1, 2016 through January 15, 2017

Observation 2: Discount Payments Accepted Outside of Discount Period

Description:

In November 2016, there was a payment accepted and entered into DEVNET at discount in the amount of \$487.55. The discount period had ended on April 30.

Tax Collector's Explanation:

The tax collector's explanation of this occurrence was that the taxpayer came to the tax collector's office in April to make a payment and received a copy of the receipt, stamped by the tax collector. However, in November, the taxpayer called to say that her check had not cleared. The tax collector checked on DEVNET and it showed the payment as unprocessed. The April check was somehow misplaced, so the tax collector honored the payment at discount in November.

Auditor's Conclusion:

The occurrence listed above was labeled as an observation rather than a finding because it appears to be an isolated instance. Besides the abovementioned finding, all remaining duplicate collections were collected in the appropriate periods and the tax collector's explanation appears legitimate.

Observation 3: Monthly Ledger Report/Distribution Summary Report Not Submitted

Description:

With the switch to DEVNET for the 2016 tax year, the Lancaster County Treasurer's Office requested all elected tax collectors to submit a Monthly Ledger Report or Distribution Summary Report from DEVNET, along with a statement of their collections. This report replaced the previously used DCED report that was required to be submitted. In February 2016, the Manheim Township Tax Collector did not submit either report.

Manheim Township Tax Collector
Audit Findings and Observations (*Continued*)
For the period January 1, 2016 through January 15, 2017

Observation 3: Monthly Ledger Report/Distribution Summary Report Not Submitted
(Continued)

Tax Collector's Explanation:

The Lancaster County Treasurer's Office told the Elected Tax Collectors that they did not have to submit the Monthly Ledger Report or Distribution Summary Report and that they could continue submitting the Tax Collection Report (TCR) and that would be sufficient. The Elected Tax Collector did not want to submit the Monthly Ledger Report because they did not feel that the information was correct and did not want to sign their name to something that was incorrect. The tax collector generated and signed a February Monthly Ledger Report in May with the Lancaster County Treasurer's Office.

Auditor's Conclusion:

This occurrence was listed as an observation, rather than a finding because it appeared to be an isolated instance and it did not affect the collection of taxes. However, we believe that the Tax Collector should comply with any documentation requests set by the Lancaster County Treasurer's Office so that the reports can be reviewed for accuracy. If the Tax Collector does not believe the reports are accurate, they should make arrangements with the Lancaster County Treasurer's Office for supplemental documentation that can be submitted instead.

Manheim Township Tax Collector
Audit Recommendations
For the period January 1, 2016 through January 15, 2017

In the preceding section of this report, we listed any findings and observations from our examination. This section of the report presents recommendations to correct or better the described occurrences listed in the Audit Findings and Observations section.

1. The tax collector should continue to only accept and collect tax payments that agree to the tax bill issued in the period that the bill is being paid.

2. The tax collector should keep payments accepted outside of the correct payment period to a minimum and only accept out of period payments under extreme circumstances, like the occurrence in 2016.

3. Monthly Ledger Reports or Distribution Summary Reports should be submitted, signed, and dated each month and sent to the Lancaster County Treasurer's Office to ensure the data on the reports was reviewed for accuracy by the tax collector.

Manheim Township Tax Collector
Audit Summary of Facts
For the period January 1, 2016 through January 15, 2017

We have performed the procedures explained in Note B to assist in evaluating compliance for the 2016 tax year ending January 15, 2017 for the Manheim Township Tax Collector. Our procedures described follow specific requirements of the Local Tax Collection Law. The purpose of this audit is to ensure our compliance with Section 26 (b) (1) of the Local Tax Collection Law. The Local Tax Collection Law contains guidance and procedures for the elected tax collectors.

Reportable conditions involved issues coming to our attention relating to significant deficiencies or non-compliance that could adversely affect the tax collector's ability to show a true representation of the monies collected. While conducting our audit, we reported findings and observations along with recommendations to correct or better the described occurrences. During the examination, we noted discount payments accepted outside of the discount period, and one month where the Monthly Ledger Report or Distribution Summary Report from DEVNET was not submitted as requested by the Lancaster County Treasurer's Office. We believe these were isolated instances. Any audits of this tax collector dated beyond the date of this report, will encompass further reviews of such occurrences to verify the tax collector is in compliance with applicable policies and procedures.

We conducted our audit to obtain a reasonable understanding about whether the tax collections are free of material misstatement and to determine the accuracy of the timeliness of the County real estate taxes collected. The financial affairs and compliance with the applicable law are the responsibility of the Manheim Township Tax Collector. It is our opinion that the taxes collected by the Manheim Township Tax Collector appear properly collected, accounted for, and remitted to Lancaster County in a timely manner. It is also our opinion that the tax collections by the Manheim Township Tax Collector appear to be in compliance with those generally accepted policies and procedures for tax collectors. We further believe the monthly tax balances recorded on the Tax Collection Reports are accurately stated.

The tax monies collected for Manheim Township in 2016 are shown in **Exhibit A: Financial Statements of Tax Duplicate Collections**.

Exhibit A

MANHEIM TOWNSHIP DUPLICATE TAX COLLECTIONS - 2016

Month	Prev Balance	Excess/Refunds	Exons	Collected @ Disc	Disc	Collected @ Base	Collected @ Pnlty	Penalty	Total Tax Rcvd	Ending Balance	If Collected @ Base
FEBRUARY	\$11,913,345.71		\$1,051.40	\$ 683,487.49	\$ 13,669.76				\$ 669,817.73	\$11,228,806.82	\$ 683,487.49
MARCH	11,228,806.82		45.95	1,220,866.28	24,417.35				1,196,448.93	10,007,894.59	1,220,866.28
APRIL	10,007,894.59	1,684.11	1,106.68	7,001,325.27	140,027.32				6,861,297.95	3,007,146.75	7,001,325.27
MAY	3,007,146.75			1,907,266.53	38,145.47		89,496.97		1,958,618.03	1,010,383.25	1,996,763.50
JUNE	1,010,383.25						426,722.37		426,722.37	583,660.88	426,722.37
JULY	583,660.88	85.53	85.53	99,279.73	1,985.63		185,622.12	15,920.82	300,429.11	282,838.21	300,822.67
AUGUST	282,838.21		6.72	1,684.11	33.68			24,346.62	2,434.64	256,800.76	26,030.73
SEPTEMBER	256,800.76	637.56	637.56					28,018.51	2,801.92	30,820.43	28,018.51
OCTOBER	228,782.25							14,382.02	1,438.22	15,820.24	14,382.02
NOVEMBER	214,400.23			497.50	9.95			56,404.10	5,640.44	62,532.09	56,901.60
DECEMBER	157,498.63							47,308.64	4,730.91	52,039.55	47,308.64
End of Year	110,189.99							13,768.34	1,376.83	15,145.17	13,768.34
TOTAL		\$ 2,407.20	\$2,933.84	\$ 10,914,406.91	\$218,289.16	\$ 701,841.46	\$ 200,149.05	\$20,015.03	\$11,618,123.29	\$ 96,421.65	\$ 11,816,397.42
				91.61%		5.89%	1.68%		97.52%		99.19%

Discount Period - paid by April 30th

Base Period - paid by June 30th

Penalty Period - paid after June 30th

August discount payments are from Excess bills issued in April